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November 5, 2021

The Honorable Tina Smith
United States Senate
720 Hart Senate Office Building
Washington, DC 20510

The Honorable Thom Tillis
United States Senate
113 Dirksen Senate Office Building
Washington, DC 20510

Dear Senators Smith and Tillis:

The Insured Retirement Institute (IRI)¹ writes to express our support for the enactment of the *Registration for Index Linked Annuities (RILA) Act*, legislation which IRI called for in its [2021 Federal Retirement Security Blueprint](#).

Current Securities and Exchange Commission (SEC) rules require these and other innovative new products to be registered using forms that are designed primarily for equity offerings which require extensive information that is not relevant to prospective annuity purchasers. These forms also require disclosure of financial information prepared in accordance with generally accepted accounting principles ("GAAP"), which many insurers are not otherwise required to produce. The bill you have introduced would require the SEC to revise any rules necessary to address the misalignment between the current registration forms used for Registered Indexed Linked Annuities (RILAs) and the information provided to consumers who might benefit from purchasing these products.

The introduction of RILAs to the marketplace has presented an innovative vehicle for consumers who seek a way to protect their investment savings from losses due to stock market volatility. A RILA offers a consumer protection from downside exposure, if the consumer is willing to accept some market risk in exchange for growth potential based on the performance of a stock market index.

This type of investment protection is something that many consumers seek, as evidenced by the findings of a joint IRI-Equitable study². The research revealed that 83 percent of consumers say that not losing principal is extremely important, 66 percent prefer investments with certain returns and 79 percent are interested in an investment product which offers both principal protection and potential growth.

¹ The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, and distributors such as broker-dealers, banks, and marketing organizations. IRI members account for more than 95 percent of annuity assets in the US, include the top 10 distributors of annuities ranked by assets under management, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, and the advancement of digital solutions within a collaborative industry community. Learn more at www.irionline.org.

² "[Protection, Growth, and Income: Helping Consumers Reach Retirement Goals](#)." Insured Retirement Institute, May 16, 2018.

The results of the survey also explain the growth in popularity for these products reflected in quarterly annuity sales reports. The most recent report conducted by the Secure Retirement Institute, issued July 27, 2021³, showed a 105 percent growth in RILA sales for the first half of 2021 compared to the same time in 2020. However, their overall footprint remains small (roughly 11.5 percent of all annuity sales in 2020⁴) due in part to impediments to marketplace entry for innovative products under current regulatory regimes and wide-ranging, difficult to understand disclosures presented to consumers.

The bill you have introduced will eliminate the most significant impediment now constraining insurers from issuing RILAs as well as consumers' use of RILAs. It would direct the SEC to promulgate a new form to replace the largely inapplicable forms annuity issuers are currently required to use when filing RILAs with the Commission.

The current forms being used to file RILAs are ones which are designed for use in connection with Initial Public Offerings or other "catch all" forms not germane to insurance products. These forms require the disclosure of financial information in line with GAAP, as well as other extensive information that is irrelevant for prospective annuity purchasers. The extensive, irrelevant information provided through such disclosures adds unnecessary complexity that blurs a consumer's understanding of the product. This effectively limits a consumer's ability to obtain a RILA for growth potential and protection against market losses and to help accumulate tax-deferred savings for retirement.

Therefore, IRI strongly supports the *Registration for Index Linked Annuities (RILA) Act*, because it will provide consumers greater access to innovative lifetime income products and make it easier for consumers to understand what a RILA can provide without the need to wade through irrelevant, excessive, and confusing information. In addition, a form more closely tailored to the specific product offering will help modernize SEC processes and thereby allow consumers to access the important information they need to make a choice about purchasing a RILA. Moreover, this legislation will demonstrate that as consumer expectations evolve, the SEC can change and realign guiding regulations to meet consumer needs and expectations.

We thank you for your leadership in pursuing this legislation to change the current SEC regulatory structure, which is impairing consumer choice without any corresponding benefit to consumers. The legislation as written will promote new product innovation and ensure consumers can more easily access the relevant information they need to make decisions about purchasing RILAs.

As Congress considers this and other pieces of retirement security legislation, IRI welcomes the opportunity to work with you and your staff to advance these proposals. Please feel free to contact me or Paul Richman, IRI's Chief Government and Political Affairs Officer, at (202) 469-3004 or at prichman@irionline.org, if we can provide any additional assistance in securing passage of this vital legislation.

We thank you again for your leadership in pursuing legislation that will help more Americans achieve a financially secure retirement.

Sincerely,



Wayne Chopus
President and CEO
Insured Retirement Institute

³ ["Secure Retirement Institute: Second Quarter US Annuity Sales Jump Nearly 40%, Marking the Highest Sales in More than a Decade."](#) Secure Retirement Institute. July 2021

⁴ ["IRI Issues Fourth Quarter 2020 Annuity Sales Report."](#) Insured Retirement Institute. May 2021